

# THE COUNTY BULLETIN

## And Uniform Compliance Guidelines

### ISSUED BY STATE BOARD OF ACCOUNTS

Vol. No. 426

June 2021

#### REMINDER OF ORDER OF BUSINESS

#### **July**

- 1 On or before this date or 51 days after the tax payment due date the county treasurer shall certify a list of real estate delinquencies for tax sale. [IC 6-1.1-24-1]  
  
On or before July 1 of each year, each county assessor shall certify to the county auditor the assessment value of the personal property in every taxing district. [IC 6-1.1-3-17]
- 2 On or before this date, the county auditor should receive County Form 144 (Statement of Salaries and Wages Proposed to be Paid Officers and Employees), from officers, boards, commissions and agencies [IC 36-2-5-4]. The county auditor shall present these forms to the county executive at its July meeting. The county executive shall review and make its recommendations. Before August 20 the county executive shall present County Form 144 and its recommendations to the county fiscal body.
- 4 Legal Holiday - Independence Day [IC 1-1-9-1]
- 12 Distribute congressional interest to school corporations - second Monday. [IC 20-42-2-7]
- 15 In those counties participating in Public Employee's Retirement Fund, last day to make pension report and payment for the second quarter of 2021 to the Public Employee's Retirement Fund.
- 20 Last day to report and make payment of balance of State and County Income Tax withheld in the month of June to Indiana Department of Revenue.
- 31 Last day to file quarterly contribution and wage reports with Indiana Department of Workforce Development.  
  
Last day for county treasurer to mail demand notices to delinquent personal property taxpayers. [IC 6-1.1-23-1]

#### **August**

- 5 Last date for county officers and department heads to file the respective budget estimates with county auditor - Wednesday following first Monday in August. [IC 36-2-5-9]
- 19 Last date for board of commissioners to review "Statements for Salaries and Wages Proposed to be Paid Officers and Employees" and to make its recommendations to the county council. [IC 36-2-5-4(b)]
- 20 Last day to report and make payment of State and County Income Tax withheld in the month of July to Indiana Department of Revenue.

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**September**

- 6 Legal Holiday - Labor Day. [IC 1-1-9-1]
- 20 Last day to report and make payment of State and County Income Tax withheld in the month of August to Indiana Department of Revenue.
- 29-30 Last date to comply with provisions IC 36-2-5-11, "Each ordinance must be read on at least two (2) separate days before its final adoption."

**COUNTY USER FEE FUND**

The purpose of the fund is to provide funding for various program services. IC 33-37-8-5(b) states: "The County Fund consists of the following fees collected by the Clerk under this article and by the probation department for the juvenile court under IC 31-37-9-9:

1. Pretrial Diversion Program fee (IC 33-37-4-1)
- \*2. Informal Adjustment Programs fee (IC 31-37-9-9)
3. Marijuana Eradication Program fee (IC 33-37-5-7)
4. Alcohol and Drug Services Program fee (IC 33-37-5-8)
5. Law Enforcement Continuing Education Program fee (IC 33-37-5-8)
6. Deferral Program fee (IC 33-37-4-2)
7. Jury fee (IC 33-37-5-19)
8. Problem Solving Court Fee (IC 33-23-16-23)

\*This fee is collected by the probation department and remitted to the County Auditor within thirty days after collection.

All fees collected by the Clerk of the Circuit Court are remitted to the County Auditor along with the Clerk's Monthly Report of Collections. This report contains a one – line total for all user fee collections entitled "County User Fee Fund". The Clerk of the Circuit Court is not required to separately report each user fee collected to the County Auditor. However, we believe that to properly administer this fund, the clerk should either break out separately the fees on the Report of Collection or provide the auditor a printout showing the breakdown.

We encourage each Clerk of the Circuit Court who is using (or will be using) an electronic data processing system for processing receipt transactions to have each user fee identified with a monthly summary copy given to the County Auditor. This will eliminate the requirement of further claim verification by the Clerk of the Circuit Court. Otherwise, claims submitted by program department heads will have to be verified by both the County Auditor and Clerk of the Circuit Court to the individual receipts and cause numbers listed on the claims

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**COUNTY USER FEE FUND (Continued...)**

Upon implementation of the standard chart of accounts for counties, the county user fee fund will be fund number 2500 and will have the attributes assigned in the funds table distributed as part of the standard chart of accounts, including the fund type of special revenue. The county user fee fund will have a separate subaccount established for each of the programs within the county user fee fund. This includes having a separate subaccount for law enforcement continuing education fees for each law enforcement agency the court works with.

Many counties currently have separate funds for each of these fees which will become subaccounts under the standard chart of accounts. The subaccounts may be numbered from 2501 up through 2599. Fund 2500, the county user fee fund, will include the balances, receipt and disbursement transactions from all subaccounts. This means all postings to subaccounts must roll up into and be reported under fund 2500.

However, all claims submitted for Law Enforcement Continuing Education fees by the county sheriff shall be deposited in County Law Enforcement Continuing Education Fund (IC 5-2-8-1).

**ALLOCATION OF PENALTIES COLLECTED FOR FAILURE TO TIMELY REGISTER MOTOR VEHICLES**

IC 9-18.1-2-6 states: "A nonresident that becomes an Indiana resident may operate a vehicle on a highway for not more than sixty (60) days without registering the vehicle under this article, if the vehicle is registered in accordance with the laws for the jurisdiction in which the nonresident was a resident."

IC 9-18.1-2-11 states: "A person that fails to register a vehicle that is required to be registered under this chapter commits a Class C infraction." IC 34-28-5-17(b) states: "In addition to...any judgment assessed under IC 34-28-5..., a person that violates IC 9-18.1-2-3 shall be assessed a judgment equal to the amount of excise tax due on the vehicle under IC 6-6-5 or IC 6-6-5.5..."

IC 34-28-5-17 goes on to require the clerk to collect the additional judgment and transfer the additional judgments collected to the county auditor on a calendar year basis. The auditor shall distribute the funds to the law enforcement agencies, including the state police, responsible for issuing citations to enforce IC 9-18.1-2-3. The percentage of the funds distributed to an agency equals the percentage of the total number of citations issued by the agency for the purpose of enforcing IC 9-18.1-2-3 during the applicable year.

Funds distributed under this section shall be used for any law enforcement purpose including contributions to the pension fund of the law enforcement agency.

To facilitate the handling and allocation of these fees under IC 34-28-5-17, the clerk should use General Form No. 367 (1984) entitled "Clerk's Report to Auditor of Additional Judgments for Excise Tax." In using this form the following procedures should be observed:

1. The clerk of the court which collects these penalties must include a memorandum with the remittance which shows the number of citations filed in the court by each law enforcement agency for failure to timely register a motor vehicle. Such memorandum could be as follows:

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**ALLOCATION OF PENALTIES COLLECTED FOR FAILURE TO TIMELY REGISTER MOTOR VEHICLES**  
*(Continued...)*

<u>Law Enforcement Agency</u>	<u>Number of Citations</u>
_____ County Sheriff	6
Urban City Police	2
Best Town Marshall	<u>2</u>
Total	<u><u>10</u></u>

2. The amount received from the clerk would be receipted to a fund called "Judgments Due Law Enforcement" fund #7305
3. The amount receipted to the Judgments Due Law Enforcement Agencies Fund would then be multiplied by the percentage of the total citations which were filed by each law enforcement agency during the applicable period to determine the amount due each law enforcement agency.

Using the number of citations shown in Item 1 above an example of a worksheet to determine the allocation of funds is as follows:

Amount Received From Court	<u>\$450.00</u>		
<u>Law Enforcement Agency</u>	<u>Number of Citations</u>	<u>Percentage of Total</u>	<u>Amount Due Agency</u>
_____ County Sheriff	6	60%	\$ 270.00
Urban City Police	2	20%	\$ 90.00
Best Town Marshall	<u>2</u>	<u>20%</u>	<u>\$ 90.00</u>
Total	<u>10</u>	<u>100%</u>	<u>\$ 450.00</u>

4. After the amount due each law enforcement agency is determined a warrant should be issued to the disbursing officer of the particular governmental unit for the amount due. The warrant should be accompanied by a brief explanation showing the purpose of the distribution.
5. The amount due to the county on account of citations filed by the sheriff's department should be receipted by quietus to a fund called "Motor Vehicle Registration Penalties" Fund #1214. This fund can be expended for any law enforcement purpose. However, disbursement should be by county warrant and only after a duly itemized claim has been approved by the Board of County Commissioners.
6. Any amount due on account of citations issued by the state police would be sent to the Auditor of State

### **VACATION AND SICK LEAVE**

IC 5-10-6-1(b) states: "Employees of the political subdivisions of the state may be granted a vacation with pay, sick leave, paid holidays, and other similar benefits by ordinance of the legislative body of a county, city, town, township, or controlling board of a municipally owned utility, board of directors or regents of a cemetery, or board of trustees of any library district."

It is extremely important for all counties to have written policies concerning vacation and sick leave. If your county has not done so we recommend the board of county commissioners to do so.

### **PAID BREAKS FOR EXPRESSING MILK**

IC 5-10-6-2 states: " (a) The state and political subdivisions of the state shall provide reasonable paid break time each day to an employee who needs to express breast milk for the employee's infant child. The break time must, if possible, run concurrently with any break time already provided to the employee. The state and political subdivisions are not required to provide break time under this section if providing break time would unduly disrupt the operations of the state or political subdivisions.

(b) The state and political subdivisions of the state shall make reasonable efforts to provide a room or other location, other than a toilet stall, in close proximity to the work area, where an employee described in subsection (a) can express the employee's breast milk in privacy. The state and political subdivisions shall make reasonable efforts to provide a refrigerator or other cold storage space for keeping milk that has been expressed. The state or a political subdivision is not liable if the state or political subdivision makes a reasonable effort to comply with this subsection."

### **FORFEITURES OF TEN PERCENT (10%) CASH BONDS**

The following items should be kept in mind in regard to ten percent (10%) cash bonds:

1. IC 35-33-8-3.2 states in part: "...A portion of the deposit, not to exceed ten percent (10%) of the monetary value of the deposit or fifty dollars (\$50), whichever is the lesser amount, may be retained as an administrative fee. The clerk shall also retain from the deposit under this subdivision fines, costs, fees, and restitution as ordered by the court, publicly paid costs of representation that shall be disposed of in accordance with subsection (b), and the fee required by subsection (d)...."
2. If the cash bond is forfeited and the court entered a judgment, any amount remaining after the deduction of the administrative fee, fines, costs, fees, restitution, and the supplemental public defender services fee should be transferred to the state common school fund. (IC 35-33-8-7(e))

### **JAIL COMMISSARY FUND – COPY OF RECORDS TO BE FURNISHED TO THE COUNTY COUNCIL**

IC 36-8-10-21(e) requires the sheriff to maintain a record of the jail commissary fund's receipts and disbursements. Such records shall be maintained on General Form No. 358, Ledger of Receipts, Disbursements and Balances. The Sheriff shall semiannually provide a copy of such record to the county council.

The semiannual reports are due on July 1 and December 31 of each year.

### **COUNTY RECORDING FEES**

IC 36-2-7-10 states in part: "The county recorder shall charge and collect the fees prescribed by this section for recording, filing, copying, and other services the recorder renders,... The county recorder may not charge or collect any fee for:

1. Recording an official bond of a public officer, a deputy, an appointee, or an employee; or
2. Performing any service under any of the following:
  - IC 6-1.1-22-2(C)
  - IC 8-23-7
  - IC 8-23-23
  - IC 10-17-2-3
  - IC 10-17-3-2
  - IC 12-14-13
  - IC 12-14-16.

The state and its agencies and instrumentalities are required to pay the recording fees and charges that this section prescribes..."

Therefore, it is our audit position that the proper recording fees are to be charged for services provided to the county and other political subdivision unless it is the recording of an official bond under item 1 above or any of the services listed in item 2.

### **GUARANTEED ENERGY SAVINGS CONTRACTS**

Requirements for guaranteed energy savings contracts may be found under IC 36-1-12.5. Please make sure that adequate documentation exists to show that you are in compliance. For example, make sure the contract includes stipulated savings specifies the methodology used to calculate the savings using industry engineering standards as per IC 36-1-12.5-11; that improvements that are not casually connected to a conservation method included in a guaranteed savings contract meet the requirements under IC 36-1-12.5-12; that the information required under IC 36-1-12.5-10 and IC 36-1-12.5-12 is reported to the Director of the Department of Local Government Finance.

### **OFFICES OF COUNTY AUDITOR AND COUNTY TREASURER**

Unlike many of the other political subdivisions, in counties there are two offices with combined procedures that provide fiscal administration of the county funds. Receipting, disbursing, and reconciling of county funds require both offices to work together to complete each process. There is a built-in segregation of duties between the two offices that must be maintained. We have noted in some counties, that there have been times when one office or the other may assume some of the responsibilities of the other office for any number of reasons, often if one official believes that the other official is not completing procedures, the first official will assume those procedures. However, that erosion of the segregation of duties would be a control deficiency that increases the risk to the accuracy of the financial records and safety of the cash and investments of the county. It could also be a material weakness in the controls over financial reporting for your county that could result in an audit finding.

The County Auditor is the fiscal officer for the county and maintains the official funds ledger. The financial information from the fund's ledger is uploaded onto Gateway by the County Auditor's office and becomes the financial statements that are audited. The Treasurer is the custodian of the county treasury and the investment officer for the county. The Treasurer maintains the daily Cash Book for all county funds as well as property taxes, excise taxes and other collections held by the Treasurer until settlement

**OFFICES OF COUNTY AUDITOR AND COUNTY TREASURER (Continued...)**

twice a year. The Treasurer will reconcile the cash and investments of the county with the bank and investment statements each month. The Treasurer also maintains a separate account of the county funds ledger that is reconciled to the County Auditor's fund ledger monthly as a check and balance over the transactions to the funds ledger to ensure that the records are accurate and complete.

**Receipting**

There are many collection points within a county and these offices and collections must bring in their collections to the Auditor and Treasurer to be deposited into the county treasury and posted to the county funds. The Auditor's office is also a collection point for the fees collected by the Auditor such as copy fees, sales disclosure fees, and endorsement fees. However, other than the fees to be collected by the Auditor's office, the employees of the Auditor's office should not be taking custody of any collections from other offices or departments. Each department will prepare a Report of Collections to remit their collections to the county treasury and posting to the county funds ledger. This process is accomplished in a series of steps.

Step 1: The department employee will turn in the Report of Collections to the Auditor's office. This step starts the quietus process. The Report of Collections would be used to fill out the pending quietus which will show the amount of collections, and the funds and revenue lines to be posted.

Step 2: A copy of the pending quietus is given to the department employee to take with the actual collections to the Treasurer's office.

Step 3: The Treasurer will count, receipt and accept the collection for deposit to the county treasury. Only when the Treasurer has accepted the collections for deposit and supplied the department with a receipt has the custody of the collections transferred from the department to the county treasury.

Step 4: The treasurer's receipt is returned to the Auditor to confirm the amount receipted for deposit and the Auditor will then complete the quietus process. The final quietus will be given to the department. The Auditor will post the funds ledger from the quietus. The Treasurer will also post the receipt to the treasurer's fund ledger. The department will have a copy of the quietus and the treasurer's receipt to keep for their records.

It is possible to complete this process using electronic transmission of forms, instead of physically carrying the forms from office to office, however the process remains the same. The Auditor will provide the quietus and post the funds ledger. The Treasurer will provide a receipt and take the collections for deposit. If the Report of Collections and actual collected checks and cash are left with the Auditor's office, responsibility for the collections stays with the department until the Treasurer has receipted the amount for deposit. If any money is missing from the collection, the department would be held accountable. If the Report of Collections and actual collections are sent to the Treasurer first, the proper funds and revenue lines needed may not be completed correctly and the funds ledger may not be posted properly. The receipting process requires the active participation of both offices performing their separate roles to properly record the receipts and safeguard the county assets.

This process is not used for the collections of property tax payments, which are made directly to the treasurer who will post them to the daily cash book as well as the tax duplicate in the billing software. Property tax collections are kept by the treasurer until settlement when they will be receipted in by quietus to the county funds for disbursement. However, if another payment is due to the county that is not made at a department, the payment would follow the same procedure as outlined for departments above. Procedures and internal controls must be in place over electronic payments such as ACH payments to ensure that those payments are properly posted. ACH payments are directly deposited into the county treasury, so the posting must be completed timely to allow the two offices to reconcile the funds ledger and the Treasurer to reconcile the cash book to the bank.

**OFFICES OF COUNTY AUDITOR AND COUNTY TREASURER (Continued...)**

**Disbursing**

All claims for payment from the County Treasury should be made by submitting accounts payable vouchers to the Auditor's office. The Auditor will audit the claims to determine that the claim is sufficiently itemized, and proper for payment. The claims are submitted to the governing board, usually the County Commissioners, for approval. It is possible that some claims are approved by other boards, such as the Redevelopment Commission or Tourism Commission. Once the claims are approved, checks are prepared to pay those claims. The checks should contain both the signature of the Auditor and Treasurer. Often the signatures are placed electronically on the checks by the software, however there should be a control in place that prevents any checks from being signed that have not been approved for payment by the Treasurer. The Treasurer does not audit the claims; however, the Treasurer does review the totals to be paid and verifies that the amount in the bank is sufficient to cover those checks. The same controls should be in place for electronic payments. The Auditor's office should not be able to authorize an electronic payment from the bank. The Treasurer should be the only official who can authorize any type of withdrawal from the county bank accounts. On the other hand, the Treasurer should not be able to initiate a warrant and affix the Auditor's signature to a check. Nor should there be any electronic payments that don't have a supporting claim audited by the Auditor's office. These duties should be segregated and there should be controls in place to prevent either office from initiating, signing and issuing a payment from one office only.

**Reconciling**

Because both offices are integrated in the receipting and disbursing process, it is necessary that the two offices reconcile their records on a regular basis. Each month, the Auditor and Treasurer should compare the funds ledger maintained by each office and reconcile any differences between the two ledgers. Each fund's receipts, disbursements and ending balance should agree between the two offices. Any variances between the two reports should be researched and any posting errors corrected. There are actions taken by either side that could affect the funds ledger recorded by that office which may not have been reported to the other office, such as voided checks, transfers, and ACH deposits. By completing the reconciliation, any errors or omissions can be detected and corrected to ensure that the funds ledger is accurate and reconciled with the bank. The funds ledger amount in total is carried on the cash book along with the property tax and other tax collections and the cash book is reconciled by the Treasurer to the bank each month as well.

**Segregation of Duties**

It takes both offices working together to account for and safeguard the cash and investments of the county. Each office has specific duties, and those duties need to continue to be segregated between the offices. When the segregation of duties is not maintained, it increases the risk that errors may occur and not be detected or corrected or that fraudulent activity may not be prevented as well. In order to function properly, the two offices need to communicate and work together well. The segregation of duties serves an important role in the accounting processes of the county.

### **INDIANA GOVERNMENT GAAP TRAINING SERIES**

The Central Indiana Association of Governmental Accountants (AGA) has partnered with Crowe LLP to provide a virtual governmental Generally Accepted Accounting Principles (GAAP) training series. This is a good opportunity for both GAAP and non-GAAP units to better understand what GAAP is and how to implement GAAP. These sessions are free of charge for all Indiana government employees and provide Continuing Professional Education (CPE) credits. Please see [this link](#) to the AGA's event calendar page for more information.

#### Sessions:

- June 28<sup>th</sup>, 2021 – 1:00 to 2:30.
  - Governmental GAAP – What is it?
- July 13<sup>th</sup>, 2021 – 1:00 to 3:00.
  - Governmental GAAP – How to Implement.
- July 20<sup>th</sup>, 2021 – 1:00 to 2:30.
  - Government GAAP – Expert Panelist Discussion

### **JUDICIAL CIRCUIT CLASS**

According to Indiana Code 33-39-6-4, the State Board of Accounts is responsible for establishing and certifying to each county the judicial circuit classes by June 20<sup>th</sup>. Judicial circuit classes are calculated by using the population and gross assessed values for each county. Due to the delays related to COVID-19 the 2020 census results will not be available until August 2021, which means the determination of the judicial circuit classes will be available in the September 2021 edition of the County Bulletin.

### **QUESTIONS FROM THE 2021 ANNUAL RECORDERS CONFERENCE**

Question 1: Where do we find a blank form 3?

Answer 1: The form needs to be obtained from the print vendor or software vendor used by the County. There is a sample of the form in the Accounting and Uniform Compliance Guidelines Manual for County Recorder, Chapter 6 Official Records and Forms, page3.

Question 2: If our office has not been uploading in Gateway, where do we begin?

Answer 2: We would recommend getting January 2021 through current uploaded. Any 2020 documents can be directly requested for the audit.

Question 3: All Recorder offices are required to have a bank account, correct?

Answer 3: No. The recorder's office is a department of the county and with the permission of the county council they can have a bank account to hold collections until remitted to the county treasury, but this is not required as collections could be remitted daily to the county treasury.

Question 4: If you have a checking account can you close it and change your daily procedure? How would that affect DOXPOP E-Records and IRS deposits?

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**QUESTIONS FROM THE 2021 ANNUAL RECORDERS CONFERENCE (Continued...)**

Answer 4: You have the authority to choose which bank you will use if the bank is one of the designated depositories for your county. The designated depositories are established by your county's Board of Finance. Once you chose a new bank, you would start depositing your daily collections to that bank, however you would need to keep the former bank account open to cover any outstanding checks issued but not cleared in the prior two years. Any transfer of funds from your old bank account to your new bank account should be documented so during an audit we could trace the cash funds from one bank to the next. You would need to keep the old bank account open until all outstanding checks are over two years old and then you could close that account and transfer any remaining balance to the new bank account. Until the old bank account is closed it will be included in all of your monthly reconcilements. You would need to work with any vendors and/or IRS for the deposits. If you closed out your bank account, and didn't open a new account, you would need to make other arrangements to have any direct deposits made to a County bank account. You would need to have controls in place to receipt in and reconcile those collections, however, you would be dependent on the Treasurer's office for the transaction information from the bank statements. This process could be problematic for both you and the Treasurer, so you would need to work out policies and procedures over these transactions.

Question 5: When reviewing documents for destruction some list so many years if there has been an audit. How can we determine when the last county audit was?

Answer 5: The Recorder's office is audited as a part of the county. The State Board of Accounts Homepage (<https://www.in.gov/sboa/>) click search reports and use the filter to find your county. The most recent audit reports should be listed at the top.

**QUESTIONS FROM THE 2021 SPRING AUDITORS CONFERENCE**

***CAPITAL ASSETS & ACCUMULATED DEPRECIATION***

Question 1: What about vehicles we are leasing to own? When is that reported as a county asset?

Answer 1: If you are leasing to own a vehicle and the cost of the vehicle is over the capitalization threshold then it would be included.

Question 2: Can I go through this list and clean it up, eliminating all of those assets that do not qualify as over 5,000 without repercussion because of previously reported amounts?

Answer 2: If the county's capitalization threshold is \$5,000 then you would need to go through and remove all assets that should not be capitalized. The capital asset schedule will be a part of the notes starting with the 2021 financial statements. Adjustments can be made when needed but may require a note disclosure, so inform the audit team when filling out the form 13 at the beginning of the audit.

Question 3: We have multiple departments that claim they are exempt and do not have to provide inventory lists to us. How do we handle this?

Answer 3: The departments are required to keep track of all items purchased by the county. The Auditor maintains the Capital Assets ledger for all assets that meet the County's capitalization threshold. The departments should maintain an inventory listing in their offices and have proper internal controls over the assets.

Question 4: How do we differentiate between how much of a recently purchased building should be allocated between the land and the building?

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**QUESTIONS FROM THE 2021 SPRING AUDITORS CONFERENCE (Continued...)**

- Answer 4: The appraisal may separate out the amounts or the county may be able to request the amounts be separated.
- Question 5: Can the beginning balance be restated for capital assets?
- Answer 5: Yes, this may require a financial statement note disclosure.
- Question 6: What is meant by materiality?
- Answer 6: Materiality is an accounting term related to the importance/significance of an amount.
- Question 7: Do we accept an inherited list of capital assets as correct or start over?
- Answer 7: The capital asset ledger should be assumed correct unless you have a reason to believe it is incorrect. However, if you believe there are inaccurate postings to the capital asset ledger, you should correct those when you find them.
- Question 8: Where do we obtain the information for construction in progress and is it reported by percentage of completion or total cost?
- Answer 8: You should have controls in place to flag all claims that are paid in connection with the construction of a new asset. You will add the costs as they are paid and when the project is completed and is placed in service, you will transfer the total cost of the project to the appropriate capital asset categories as applicable.
- Question 9: Do we use the historical cost of an asset instead of the current fair market value?
- Answer 9: Capital Assets are recorded at what they cost the county to put them in service. It is the accounting for that original cost to the county and the allocation of that cost over the life of the asset that is important to the financial statements.
- Question 10: What is the new time frame for when the capital assets will become part of the notes to the financial statements and include accumulated depreciation?
- Answer 10: The capital asset schedule including the accumulated depreciation will be a part of the notes starting with the 2021 financial statements.
- Question 11: Can the county have a policy to not depreciate infrastructure?
- Answer 11: No, Infrastructure depreciates and is a major component of the capital asset ledger.
- Question 12: Do all roads have to be included in the infrastructure?
- Answer 12: All these records are maintained by the Highway department for reporting in the Annual Highway Report. All roads should be included in infrastructure.
- Question 13: In relation to capital assets and accumulated depreciation, how are the useful lives determined?
- Answer 13: Useful lives need to be determined at the county level and we would suggest making it a part of the capitalization policy.
- Question 14: If an asset is receiving an improvement how is added? (Examples: Replacing all the doors in the jail or Ambulance in accident getting replacement parts.)

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**QUESTIONS FROM THE 2021 SPRING AUDITORS CONFERENCE (Continued...)**

Answer 14: If the improvement is significant and extends the life of the asset or the useful capacity of the asset (making a building larger), the county can remove the replaced equipment from the original asset and add a new line with the cost of the replacement equipment.

Question 15: Is the amount of additional equipment added to a vehicle for the Sheriff's office added to the cost? (Example: lights)

Answer 15: Yes, the cost that is capitalized would include the cost of what it takes to put the equipment in service.

Question 16: Do we use the individual asset cost or an aggregate cost if referring to a group of assets such as laptops, guns, etc...?

Answer 16: It is the individual asset cost.

**FORM 61 RECONCILIATION**

Question 17: What do we do if the treasurer cash page does not match the form 61 generated by the financial software? Sometimes our treasurer says they do not match our funds ledger monies.

Answer 17: You are required to reconcile the Auditor's fund ledger with the Treasurer's fund ledger. If the Treasurer's fund ledger does not support the amount carried on the cash book, the Treasurer would have the responsibility to correct that.

Question 18: What if the Treasurer is not balanced since the beginning of the year, do i go ahead and send in this report or wait until she is balanced?

Answer 18: You have a responsibility to reconcile the Auditor's fund ledger to the Treasurer's fund ledger each month. You need to document that you have attempted to complete that reconciliation.

Question 19: Who is required to upload the Form 61 reconciliation, the Auditor, the Treasurer, or both?

Answer 19: Only one copy of the Form 61 reconciliation needs to be filed, so the County may decide which officer will upload the form. If you do not believe that the form has been uploaded, it isn't wrong for it to be uploaded by both offices.

**SEFA**

Question 20: When we enter disbursements into the SEFA, do we enter only the amount of federal monies disbursed or all monies disbursed including state and local for that particular grant?

Answer 20: When entering grant information for the Annual Financial Report (AFR) only Federal monies disbursed and receipted would be included. Any local matching or state funds would not be included.

Question 21: Some Grant contract verbiage is difficult to determine whether it is an advance or reimbursement, what is the way to determine whether it is an advance or reimbursement grant?

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**QUESTIONS FROM THE 2021 SPRING AUDITORS CONFERENCE (Continued...)**

Answer 21: Review how the money is being received. If the county is receiving the full grant amount then disbursing the funds this would be an advance grant. If the county is required to submit a claim for the funds based on disbursements this would be a reimbursement. There are times this can be confusing so when in doubt reach out to the grantor agency for clarification.

Question 22: Tax levies and federal reimbursement funds are receipted into the same fund for Cum Bridge is this okay?

Answer 22: Federal assistance should **not** be comingled with tax levied funds. Federal assistance and/or grants should be maintained in their own separate fund within the 8000 series.

Question 23: We received money from a city's grant to help pay for COVID testing. How do report the money we received from them? We have our own COVID grant for testing.

Answer 23: There should be an interlocal agreement between the county and the city. It would need to be determined on whether the county is a subrecipient or a partner in the program. The grantor agency should be able to provide clarification if needed.

Question 24: If we get federal money each year for the same thing, can we use the same fund year after year?

Answer 24: This really depends on the period of performance of the grant. If fund still exist in the grant fund from the previous year than a new fund would need to be used.

Question 25: How do we report Non-Cash Assistance on the SEFA? with a yes or no....or do they need a description?

Answer 25: Non-Cash assistance is reported as an amount. All the documentation to support any estimates of the amount would need to be maintained by the unit for audit.

Question 26: Does the CFDA # need to be included in the local fund name?

Answer 26: Yes.

Question 27: If a grant received includes 2 different CFDA numbers does there need to be two separate funds and are they reported on the SEFA together or separate?

Answer 27: Each CFDA number will have a separate fund and be reported separately on the SEFA.